

Joint Statement by the President and Prime Minister Kiichi Miyazawa of Japan: A Strategy for World Growth *January 8, 1992*

President Bush and Prime Minister Miyazawa today announced A Strategy for World Growth designed to strengthen the world economy.

The President and Prime Minister expressed concern that growth of the world economy in 1991 slowed to the lowest level in nearly a decade. They recognized that the outlook for growth of the world economy this year is weaker than previously expected. This situation could adversely affect the prospects for income and jobs, undermine the efforts of newly emerging democracies and the developing countries to implement sound market-oriented economic reforms, and raises the spectre of renewed protectionism.

The United States and Japan are the two largest countries in the world economy, together accounting for nearly 40 percent of total global production and more than 20 percent of world trade. The President and Prime Minister, aware of a special responsibility placed on their countries by their position, recognize that each country needs to pursue responsible economic policies that strengthen the international economy and global trading system. They have decided to undertake domestic policies to improve growth prospects, as a part of a cooperative effort which contributes to the attainment of sustainable growth with price stability and the promotion of global economic recovery.

Prime Minister Miyazawa, with these considerations in mind, stated that the Government of Japan will submit to the Diet the fiscal 1992 budget and the Fiscal Investment and Loan Program aimed at strengthening domestic demand by increased public investment through the central government and local governments, and contributing to the world through its official development

assistance (ODA) and other measures, despite tight fiscal conditions. Prime Minister Miyazawa stated that the Government of Japan will monitor the progress of the above measures so as to assure that the expected effects are realized. The recent decision by the Bank of Japan to reduce interest rates is also intended to maintain sustainable growth with price stability.

Toward the same end, President Bush also stated that he would be submitting to the Congress a comprehensive program to strengthen U.S. growth and competitiveness. The details of the program will be contained in the President's State of the Union message and his budget proposals for fiscal 1993 to be announced later this month. The President noted that the recent reduction in interest rates reflected the determination by the Federal Reserve to facilitate U.S. economic recovery and growth. The President also reaffirmed his commitment to achieve a substantial reduction of the U.S. budget deficit over the medium term.

The President and Prime Minister reviewed developments in financial markets and agreed that recent exchange rate movements were consistent with current economic developments. They expressed confidence that the above measures and developments will contribute to correction of external imbalances.

President Bush and Prime Minister Miyazawa expressed their continued support for ongoing economic policy coordination among G-7 countries as essential for achieving their common objectives as expressed in this statement. They stressed the importance of continued cooperative efforts and called on other industrial countries to join with them.